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Peacebuilding Commission

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Peacebuilding Commission
Sierra Leone configuration

Summary record of the 4th meeting
Held at Headquarters, New York, on Wednesday, 13 December 2006, at 3 p.m.

Chairperson: Mr. Majoor ..... (Netherlands)

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07-20091 (E)

The meeting was called to order at 3.20 p.m.

Peacebuilding in Sierra Leone (*continued*)

1. **Mr. Gudmunsson** (World Bank), speaking by teleconference from Freetown, said that he wished to touch on the issues of youth unemployment, development of the private sector and in-country consultations. With regard to youth unemployment and employment in general, in the short term it was important to maintain and, if possible, scale up the public works programmes that had already been launched. Not only were those programmes creating jobs; they were also helping to rebuild the country's infrastructure. Nevertheless, the Government could not be expected to create employment on the scale needed. The long-term solution to the employment problem was a strong private sector. Lack of capital in the country was a major challenge, however, and a recent Harvard University study indicated that the key bottleneck in Sierra Leone was the cost of capital. Foreign direct investment was needed, but the lack of infrastructure was discouraging to many foreign investors, as were the low current ratings of Sierra Leone in terms of transparency and ease of doing business. Still, other countries emerging from difficult conflicts had succeeded in attracting foreign direct investment and developing a viable private sector, and there was every reason to hope that the same would occur in Sierra Leone, which had several advantages over some of those countries.

2. The extractive industries were the sector that had attracted the most foreign investment, but they did not create enough jobs. It seemed that employment generation in the private sector would have to be driven by local actors. In the view of many, the best short-term prospect for generating employment was revival of the agricultural sector, which had collapsed during the conflict. Accordingly, the World Bank was seeking to redevelop the whole agricultural value chain, focusing in particular on products such as cocoa, which had been important to the economy prior to the conflict. A recent study by the Food and Agriculture Organization of the United Nations (FAO) had indicated that there was also significant scope for the sustainable expansion of fisheries in Sierra Leone. Another possibility in the longer term might be tourism, but in the short term, the same infrastructure impediments that kept investors away were likely also to discourage tourists. Thus, the focus in the immediate future should be on maintaining the progress achieved through the public works programmes and trying to kick-start agricultural production.

3. On the subject of in-country consultations, he wished to assure the participants that there was great willingness on the part of both development partners and the Government to intensify coordination. Indeed, some commitments to that effect had already been made within the Consultative Group. In conclusion, he reiterated the importance of simplifying and building on existing arrangements rather than creating new ones, minimizing transaction costs and maximizing effectiveness, in keeping with the Paris Declaration on Aid Effectiveness.

4. **Mr. Angelo** (Executive Representative of the Secretary-General for Sierra Leone) referred to two very recent major mapping exercises undertaken with regard to the private sector in Sierra Leone. One had dealt with the impediments to private sector growth; the other, with the main obstacles to the expansion of trade. Those issues had been discussed at the most recent Consultative Group meeting, and with the diagnostic stage completed, it was now necessary to sharpen the focus and identify three or four actions that should be implemented in 2007 to make a difference in terms of private sector growth. That was an area where results had to be achieved very quickly, because a government was not sustainable if it could not generate enough tax revenue, without which it could not perform the most basic functions of the State. The private sector was thus very important to the sustainability of the peace process.

5. With regard to elections, a very detailed budget had been drawn up, with a very well-formulated project document showing the plan for each stage of the election process. That documentation was available to donors interested in funding that process. The two institutions dealing with the elections were new: the National Electoral Commission had had to be completely revamped to make it an independent agency, and the Political Party Registration Commission was a very recent creation. Those institutions required a great deal of technical assistance for capacity-building. That had a cost, and there were further costs related to logistics, procurement and the holding of the elections themselves. There were also additional costs related to security.

6. Beyond the question of resources, there was the question of the political environment in which the elections would be conducted. Through political dialogue with all the stakeholders it had been possible to agree on a code of conduct and to make clear that there were a number of international standards that had to be fully respected by all those involved. But all the work to ensure the credibility of the electoral process would be compromised if resources were not made available in the very near future.

7. Establishment of the National Human Rights Commission was an important step towards implementing the key recommendations of the Truth and Reconciliation Commission. However, the National Human Rights Commission would not be able to fulfil its mandate unless it received sufficient resources, which, it was envisaged, would come from the Peacebuilding Fund.

8. With respect to coordination, in 2006 regular consultations had not been held between the Government and international partners in the framework of the Development Partnership Committee, as they had in 2005. In the coming year, such meetings should take place every quarter as planned, since they were a fundamental vehicle for consultation and dialogue.

9. **Mr. Toe** (International Monetary Fund) said that Sierra Leone's request for the completion of the first review of its performance under the three-year macroeconomic programme supported by the International Monetary Fund (IMF) Poverty Reduction and Growth Facility would be considered shortly by the IMF Executive Board. The total amount committed under the programme was about $44 million, of which an initial disbursement had been made in the amount of $7 million. Another disbursement in the same amount was scheduled to be made upon completion of the first review. The programme was aligned with the Government's overall goal of sustaining high economic growth and significantly reducing poverty. The main objectives of the programme were to achieve macroeconomic stability through sound fiscal management, to make monetary policy more efficient and to stimulate private sector growth. Key elements of the Government's fiscal strategy included increasing domestic revenue collection by widening the tax base and enhancing public expenditure management through measures such as tighter wage controls, with a view to channelling more resources into poverty reduction. The programme included structural reforms to promote good governance and transparency, deepen financial intermediation and improve the business environment, which were critical if the private sector was to contribute to job creation.

10. The performance of the Government of Sierra Leone under the macroeconomic programme had been satisfactory, and the programme was broadly on track. Despite some delays in implementation, the programme's objective and structural reforms for 2006-2007 should be achievable. Economic growth, at about 6 per cent in real terms, continued to be robust and broad-based, while inflation had declined to single digits.

11. Upon completion of the first review of the current programme, Sierra Leone was expected to reach the completion point under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative, and would qualify for debt relief in the amount of $675 million in 2000 net present value terms. Sierra Leone would also qualify for additional debt relief under the Multilateral Debt Relief Initiative, amounting to debt service savings of $609 million.

12. Efficient use of those resources would be critical to ensure progress towards achieving the Millennium Development Goals. It was also important that Sierra Leone should follow a prudent external borrowing strategy and rely increasingly on highly concessional donor support, in order to maintain post-HIPC debt sustainability over the medium term. While the Fund would continue to assist Sierra Leone in those endeavours, there were risks related to its high dependency on external support and the difficulty of enforcing fiscal discipline in an election year. However, on the latter point, senior Government officials had given assurances that budget execution would be shielded from electoral politics in 2007.

13. **Mr. Koroma** (Sierra Leone) said that the Government of Sierra Leone considered the exercise of mapping to be vital to the proper coordination of development and donor intervention. In a country where every activity was a priority and where many actors interacted with the Government on so many levels, the need to map out interventions, whether planned or current, could not be overemphasized. The process, too, of establishing the various overarching frameworks had involved a great deal of mapping at various levels. For example, between 2002 and 2006

there had been more than 30 assessments of various processes in order to ensure that critical areas were being covered and that plans and resources did not overlap.

14. A distinction should be made between critical short-term interventions for which the Peacebuilding Fund acted as a catalyst and medium- to long-term interventions for which the Peacebuilding Commission took overall responsibility. For longer-term interventions, there was still room for further assessment, but the mapping that was required for the purposes of the Peacebuilding Fund had been completed. There had been intensive discussion and interaction not only with the donor community but also with civil society in order to identify gaps. That process of consultation would continue in the future.

15. The Government had not wished to overburden the Peacebuilding Commission with excessively detailed information. Since a greater level of detail might be desirable, however, he gave more detailed information on the priority plan previously circulated to participants, concentrating on two areas: youth empowerment and justice and security. In the first of those areas, quick-impact projects were still a priority for the Government. Vocational training was vital not only for the short term, but for also the medium and long terms. In the area of justice and security, efforts would focus on reducing case backlogs in district courts and on building local security capacity.

16. Microfinancing was also crucial. As had been said earlier, borrowing capital was expensive, and the lack of capital in the rural areas was a major impediment to economic activities in those areas. Microfinancing was clearly part of the solution for countries such as Sierra Leone that were emerging from conflict.

17. Electoral support was an area where a great deal of assessment had been carried out. All necessary arrangements were in place, and a clear monetary figure had been established for funding the election process. He wished to assure participants that money donated for that purpose would not be absorbed into the common pool, but would be kept separate in a specific arrangement intended only for funding the elections. An improved governance and accountability pact had been signed between the Government and donors some six months previously. The pact comprised a 10-point plan, with benchmarks to which both sides had to adhere. Several donors, reassured by those arrangements, had joined the Multi-Donor Budgetary Support framework established recently in Freetown.

18. **Ms. McAskie** (Assistant Secretary-General for Peacebuilding Support) said that arrangements were in place in Sierra Leone for disbursements to be made from the Peacebuilding Fund. Decisions on projects and disbursements would be made on the ground through a steering committee co-chaired by the Government and the United Nations.

19. While the Peacebuilding Fund and the Peacebuilding Commission were separate, Fund activities were of key concern to the Peacebuilding Commission. The country envelope would be announced shortly, and was expected to amount to approximately $25 million. The Fund was not intended to provide direct budgetary support. However, it could finance specific Government expenses such as civil service salaries, since non-payment of that item constituted a critical peacebuilding gap.

20. Peacebuilding Fund disbursements would support Government priorities but would be processed through a United Nations intermediary. However, United Nations agencies were not permitted to apply Fund resources to their existing projects. All Fund projects would be developed by the Government in the priority planning process. The Fund could not address all challenges, but was intended as a catalytic tool for immediate or urgent priorities, with additional support provided by donors.

21. **Mr. Cabral** (Guinea-Bissau) said that Sierra Leone, a recovering country in a difficult situation, had made significant progress and fulfilled all its obligations on time. The country should receive the envelope without further delay. In particular, adequate funding must be provided for the 2007 elections. He hoped that donors would add to the announced figure of $25 million and that those resources would help to improve living standards and consolidate peace throughout the subregion.

22. **Mr. Geurts** (European Community) said that he shared the views expressed on the need to maximize the effectiveness of the various processes and make them more coherent and coordinated, while giving priority to the field approach. Indeed, in its donor activities the European Community had supported projects in the field, such as infrastructure

reconstruction, elections, budgetary support, the Truth and Reconciliation Commission and the Special Court, which were part of a programme totalling some $220 million. The programme for 2008, which would focus on poverty reduction, good governance and key infrastructure reconstruction, was in the process of elaboration. The Peacebuilding Fund was valuable in particular owing to the speed of its interventions and its ability to fill gaps. Care must be taken to avoid duplication in targeting the Fund's resources.

23. There was a need to render the work of donors in Sierra Leone more coherent by encouraging greater consultation among partners. Perhaps at a subsequent country-specific meeting primary donors working in the field could report to the Peacebuilding Commission on how they had taken the Commission's suggestions on board.

24. **The Chairperson** said that the idea of donor reports would be considered in the elaboration of the workplan for future country-specific meetings. While filling gaps was indeed part of the mission of the Peacebuilding Fund, it must be kept in mind that the Fund provided little more than seed money and that its work must be followed up by donors in the medium term.

25. **Mr. Rachmianto** (Indonesia) said that efforts to address the issue of youth unemployment were a crucial aspect of peacebuilding. The Peacebuilding Fund should help to cover the $7 million shortfall in election funding. A full mapping exercise regarding the workplan was needed. However that exercise should not shift the focus away from immediate needs on the ground.

26. **Mr. Nascentes da Silva** (Brazil) said that the lack of capital and its high cost were problematic in post-conflict situations. Information on what policies were being implemented to tackle the problem would be welcome.

27. **Ms. McAskie** (Assistant Secretary-General for Peacebuilding Support) said that efforts were being made to reduce pass-through costs charged as funds through various organizations en route to their end recipients. The United Nations Development Programme (UNDP), which was serving as the banker for the administered funds, had agreed to reduce those costs.

28. **Mr. Wolfe** (Jamaica) said that improvement of employment opportunities and living standards were crucial to peacebuilding and stability. More attention must be paid to development, which reinforced human rights advances.

29. **Mr. Ahmad** (Pakistan) said that debt relief would be an important element in peacebuilding during the transitional period in Sierra Leone.

30. **Mr. Dahlgren** (Special Representative of the European Union Presidency for the Mano River Union) said that it was important to consider the regional context of the peacebuilding process. The Office of the United Nations High Commissioner for Refugees (UNHCR) had closed refugee camps in the region and had facilitated the return of refugees to Sierra Leone. While youth unemployment in Sierra Leone represented the most significant threat to the peacebuilding process, the country's security and stability were dependent on the situation in the region as a whole; the revitalization of the Mano River Union was of paramount importance in that connection. Promoting sustainable development and constitutional governance in Guinea and Liberia should facilitate the peacebuilding process in Sierra Leone.

31. **Ms. Jenny** (United Kingdom) noted with satisfaction the strong emphasis that had been placed on promoting private sector development. She asked what steps were needed to change the working culture of the civil service so as to strengthen accountability and improve service delivery.

32. **Mr. Koroma** (Sierra Leone) said that his Government had taken steps to decentralize key institutions. Reforms had targeted the top echelons of the civil service, and a Senior Executive Service had been established. New arrangements to reclassify posts had been implemented with a view to ensuring that the civil service responded to changing circumstances. It was important to ensure that civil servants who did not have a place in the new civil service structure were given appropriate severance pay and allowed to leave in an honourable manner. Furthermore, it was important to improve the salary levels of civil servants with a view to encouraging the diaspora to return.

Chairperson's summary of the second country-specific meeting on Sierra Leone

33. **The Chairperson** invited the Commission to consider his summary of the second country-specific

meeting on Sierra Leone, held on 13 December 2006 (PBC/SIL/2006/SR.3 and SR.4).

34. After a discussion in which amendments were proposed by **Mr. Malhotra** (India), **Mr. Nascentes da Silva** (Brazil), **Ms. McAskie** (Assistant Secretary-General for Peacebuilding Support) and **Mr. Angelo** (Executive Representative of the Secretary-General for Sierra Leone), he said he took it that the Commission wished to adopt the summary as amended.

35. *It was so decided.*

The meeting rose at 5.30 p.m.